

Testimony on behalf of Public Service Commission
Chairman Bill Gallagher, Public Service Commission (phone 444-6199)

In support of
Senate Bill 139
January 18, 2011

SENATE HIGHWAYS AND TRANSPORTATION	
EXHIBIT NO.	<u>1</u>
DATE	<u>1-18-2011</u>
BILL NO.	<u>SB 139</u>

Chairman Jones and members of the Committee,

Senate Bill 139 is both requested and supported by the Public Service Commission. The Commission seeks to eliminate the provisions in Title 69, Chapter 1, that exempt motor carriers from the fee assessed regulated companies to fund the PSC's regulatory activities. Additionally, the Commission seeks to repeal the requirement motor carriers be assessed a charge for use of the highways in the state.

First, all organizations, corporations, associations or other public or private entities subject to regulation by the Commission except motor carriers are subject to a PSC fee which is used to fund the agency. The fee is set at the rate needed to recover the amount of funds necessary to meet the legislatively appropriated PSC revenue amount.

SB 139 does not affect the total revenue allocated to the PSC; rather, SB 139 would require all regulated entities to pay for the PSC's regulatory obligations. Simply stated, SB 139 addresses the current inequity of utility customers subsidizing the regulation of motor carriers.

Second, requiring motor carriers to pay the PSC fee creates revenue approximately equivalent to the revenue necessary to administer regulation of motor carriers. I call your attention to the handout titled Revenue and Expenditure Estimates.

Table I shows the intrastate revenue of the different types of motor carriers. Table II shows the PSC revenue approved by the legislature and shows the PSC fee rate necessary to collect the appropriated amount. Table III shows the PSC fee rate decreases by three basis points if the motor carriers are subjected to the PSC fee. Table IV shows the total amount of revenue collected from motor carriers if they were subjected to the PSC fee. Table V shows an estimate of the expenses incurred by the PSC to regulate motor carriers. By comparing the total approximate revenue in Table IV with the total approximate costs in Table V, you can see the

revenue and costs are similar. Table VI identifies the assumptions used to determine the expenses incurred by the PSC to regulate motor carriers.

Finally, repealing the requirement motor carriers pay a fee for the use of the highways in the state is appropriate because at the time this provision was adopted, the PSC had much broader authority over the motor carrier industry. Thus, revenue at least commensurate with the cost of regulating motor carriers was collected by the state. Currently, the PSC collects approximately \$4,270 in revenue which is not commensurate with the cost of administering the regulation of motor carriers.

In summary this bill creates no new revenue for the PSC but rather shifts the cost of PSC regulation of motor carriers from other utility rate payers to the motor carriers.

The PSC recommends a DO PASS on Senate Bill 139.

Revenue and Expenditure Estimates

Table I. Approximate Motor Carrier Intrastate Revenue

Motor Carrier Type	Intrastate Revenue
Passenger	\$ 9,944,959
Household Goods	\$ 5,943,139
Garbage	\$ 72,277,444
Total	\$ 88,165,542

Table II. PSC Revenue Excluding Motor Carriers

Description	Revenue
Total PSC Fee	\$ 4,751,032
PSC Fee Revenue Base	\$ 1,131,198,168
PSC Fee Rate	0.42%

Table III. PSC Revenue Including Motor Carriers

Description	Revenue
Total PSC Fee	\$ 4,751,032
PSC Fee Revenue Base	\$ 1,219,363,710
PSC Fee Rate	0.39%

Table IV. Estimated PSC Fee Revenue from Motor Carriers

Motor Carrier Type	Revenue
Passenger	\$ 38,749
Household Goods	\$ 23,156
Garbage	\$ 281,616
Total Approximate Revenue	\$ 343,521

Table V. Estimated PSC Motor Carrier Regulatory Expenses

Motor Carrier Type	Revenue
Commission Salary and Benefits	\$ 55,283
Staff Salary and Benefits	\$ 230,332
Operating Expenses	\$ 60,557
Total Regulatory Expenses	\$ 346,172 ± 20%

Table VI. Expense Assumptions for PSC Motor Carrier Regulation

Personnel	Percent of Time Dedicated to Motor Carrier Regulation
Commissioners	10%
Legal Staff	15%
Bureau Chief	50%
Administrative Staff	98%
Enforcement Staff	35%
IT Staff	20%
Financial Staff	10%
Administrative Assistants	5%